

Message Text

CONFIDENTIAL

PAGE 01 MONROV 00705 281147Z

ACTION AF-08

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00
CIEP-01 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06
OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 PA-01 PRS-01
IGA-02 FRB-03 XMB-02 OPIC-03 LAB-04 SIL-01 /114 W
-----290036Z 086217 /20

R 281039Z JAN 77

FM AMEMBASSY MONROVIA

TO SECSTATE WASHDC 3448

C O N F I D E N T I A L MONROVIA 0705

E.O. 11652 GDS

TAGS: EGEN,ENRG, LI

SUBJECT: LIBERIA REFINING CO. (LRC)

REF: MONROVIA 653

1. SUMMARY. CONVERSATIONS WITH CHEMCIAL BANK AND SUN OFFICIALS INDICATE THAT LRC IS BROKE. LETTER ACCUSING GOL OF ECONOMIC EXPROPRIATION WAS NOT PRESENTED TO GOL BY SUN OFFICIALS. NEW ARRANGEMENTS TO FINANCE IMPORTS OF REFINED PRODUCTS MUST BE MADE NOW TO AVOID SHORTAGES AFTER FEB.21. GOL IS DEFINITELY INTERESTED IN BUYING REFINERY AND SUN OFFICIALS HAVE SET REASONABLE PRICE. JAN.28 MEETING BETWEEN SUN AND GOL OFFICIALS WILL START NEGOTIATIONS. EMBASSY BELIEVES PROSPECTS OF SALE APPEAR REASONABLY GOOD. SUN PROBABLY WILL NOT HAVE TO RESORT TO THREAT OF USING HICKENLOOPER AMENDMENT AGAINST GOL IN THESE NEGOTIATIONS. END SUMMARY.

2. IN CALL ON AMBASSADOR, SENIOR VP JOHN WOLF OF CHEMICAL BANK ACCOMPANIED BY MR. DE PALO OF CHEMICAL BANK INT'L. AND MR. AUGUSTINE JEHLE, EXECUTIVE VP OF BANK OF LIBERIA, STATED THAT LRC IS CLAIMING FORCE MAJEURE FOR INABILITY OF REFINERY TO SUPPLY ECONOMY WITH REFINED PRODUCTS. WOLF TOLD AMBASSADOR THAT SUN OFFICIALS DID NOT PRESENT LETTER ACCUSING GOL OF ECONOMIC
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MONROV 00705 281147Z

EXPROPRIATION IN THEIR MEETINGS WITH MINISTERS OF FINANCE AND COMMERCE AND WITH PRESIDENT TOLBERT. WOLF SAID HIS BANK WOULD NOT BE INTERESTED IN FINANCING PETROLEUM IMPORTS UNLESS RETAIL PRICES OF REFINED PRODUCTS WERE INCREASED TO COVER COST OF SUCH IMPORTS. WOLF SAID SUN OFFICIALS HAD WARNED HIM THAT UNLESS ARRANGEMENTS FOR IMPORTS WERE MADE BY THIS WEEKEND, LIBERIA WOULD EXPERIENCE SHORTAGES OF REFINED PRODUCTS AFTER

FEB. 21. WOLF SAID HE HEARD GULF WAS INTERESTED IN OPERATING REFINERY. AMBASSADOR MENTIONED MOBIL'S INTEREST IN THE REFINERY.

3. GLAZIER OF SUN INFORMED E/C COUNSELOR THAT THEIR MEETING WITH MINISTERS OF FINANCE AND COMMERCE LASTED ONLY TEN MINUTES. THE MINISTERS WERE TOLD THAT LRC IS BROKE. FINANCE MINISTER PHILLIPS, WHO DID ALL THE TALKING, IMMEDIATELY ASKED TO SEE LRC BALANCE SHEET AND INDICATED A DEFINITE INTEREST IN BUYING REFINERY. SUN OFFICIALS REMINDED THEM OF NECESSITY OF MAKING NEW ARRANGEMENTS TO IMPORT REFINED PRODUCTS TO PREVENT SHORTAGES FROM DEVELOPING. GLAZIER SAID THEY SEEMED UNCONCERNED. GLAZIER CONFIRMED THAT LETTER ALLEGING ECONOMIC EXPROPRIATION WAS NOT SUBMITTED.

4. SUN OFFICIALS MENTIONED TO E/C COUNSELOR THAT THEY SUMMARIZED THE SITUATION AT LRC IN A SEPARATE MEETING WITH PRESIDENT TOLBERT. ONLY COMMENT PRESIDENT MADE WAS WHY COMPANY LIKE SUN COULD NOT HAVE OVERCOME DIFFICULTIES AT LRC. PRESIDENT ASKED GLAZIER TO SEND SUMMARY OF HIS REMARKS.

5. SUN OFFICIALS INDICATED THAT OFFER OF \$7.5 MILLION FOR REFINERY WOULD BE SATISFACTORY. THEY ARE HOPING THAT IN JAN.28 MEETING MINISTERS PHILLIPS AND DENNIS WILL MAKE DEFINITE OFFER FOR REFINERY. IF NEGOTIATIONS FOR SALE OF REFINERY DO NOT RESULT IN FAIR PAYMENT FOR REFINERY, SUN OFFICIALS INDICATED THAT THEY WOULD SEEK CONGRESSIONAL ASSISTANCE FOR APPLICATION OF HICKENLOOPER AMENDMENT AGAINST LIBERIA.

6. COMMENT: RELATIONS BETWEEN SUN AND GOL OFFICIALS HAVE BECOME SO STRAINED THAT THERE REPORTEDLY IS ALMOST A COMPLETE CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MONROV 00705 281147Z

LACK OF TRUST AND CONFIDENCE IN EACH OTHER. HOWEVER, SINCE ACCORDING SEVERAL SOURCES HERE GOL IS ANXIOUS AND SERIOUS ABOUT BUYING REFINERY AND SUN IS EQUALLY EAGER TO SELL AT WHAT SEEMS TO BE A BARGAIN PRICE, CHANCES OF REACHING AGREEMENT APPEAR TO BE REASONABLY

GOOD. SEVERAL NEGOTIATING SESSIONS WILL PROBABLY BE REQUIRED TO REACH AGREEMENT. EMBASSY DOES NOT ANTICIPATE AT THIS TIME THAT SUN WILL NEED TO USE THREAT OF USING HICKENLOOPER AMENDMENT IN THESE NEGOTIATIONS.

CARTER

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
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Concepts: PETROLEUM, REFINERIES, LOANS
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Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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TAGS: EGEN, ENRG, LI
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